



## State of Connecticut

### HOUSE OF REPRESENTATIVES STATE CAPITOL

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**Commerce Committee**  
**Tuesday, March 18, 2014**  
**Testimony in Support of,**

**H.B. 5577, An Act Concerning A Crowdfunding Study by the Department of Banking**

Chairman LeBeau, Chairman Perone, Vice Chairman Crisco, Vice Chairman Becker, Ranking Member Frantz, and Ranking Member Lavielle.

I want to thank you for giving me this opportunity to testify on behalf of H.B. 5577, An Act Concerning A Crowdfunding Study by the Department of Banking. Small businesses are the backbone of Connecticut's economy. Fostering new and innovative ways to increase business' capital will go a long way towards creating jobs and economic opportunity for all. Crowdfunding is an excellent way to raise capital and give businesses the necessary help from the private sector. It is time that we revamp our efforts to bolster our state's economy. Connecticut Innovations is twenty years old with ninety nine companies. Meanwhile, they have created nine hundred thirteen jobs. We can certainly do much better than that.

How does crowdfunding work? If someone wants to open a Laundromat, he or she may need a capital resource of roughly \$50,000. Through crowdfunding, the capital can be raised and each person who is interested can contribute. The Banking Commissioner will need to establish the criteria as to who is qualified to participate depending on their net worth and annual income.

Since the Great Depression, the concept of crowdfunding has been presented, but was not readily implemented. Today, however, the internet serves as the avenue through which people can reach out and begin to utilize crowdfunding. Georgia, Kansas, and Michigan have already passed legislation for this concept. Half a dozen more states are considering similar legislation.

Governments and legislatures do not grow jobs, entrepreneurs do. Entrepreneurs need the support of their elected officials through effective legislation. The way to grow Connecticut's economy is through new businesses started by Connecticut entrepreneurs who base their companies in Connecticut. One way to facilitate this growth is through crowdfunding.

I want to thank you for your consideration of Raised Bill 5577 and for allowing me to express my thoughts today.

Prasad Srinivasan, State Representative, 31<sup>st</sup> District